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DEPARTMENT OF STATE

Memorandum of Conversation

DATE: May 2, 1957

SUBJECT: Kaiser Interest in the Volta River Project (Ghana).

PARTICIPANTS: Mr. Chad T. Calhoun, Vice President, Kaiser Industries Corporation.
Mr. G. Richard Ward, Assistant to Mr. Calhoun.
Mr. Otto G. J. Schaler, Assistant Coordination, Public Relations, Kaiser Industries Corporation.
Mr. William R. Duggan, International Relations Officer of Southern Africa Affairs.

COPIES TO: Mr. Robert W. Ross, Liberia/Nigerian Desk Officer.

Mr. Palmer - 1 cc
Mr. Rountree - 1 cc
OLI - 2
ED - 2
NEA - Miss Balmer - cc
Department of Commerce - 2
AFS - 4
AmEmbassy, ACCRA - 1

The above meeting was arranged by Mr. Duggan after a telephoned request from Mr. Schaler.

Mr. Calhoun said that his firm was approached on May 1st by Mr. Fraser Leith, who was introduced to the Kaiser people by Mr. Joseph Fraser, formerly associated in the Kaiser-Fraser automobile venture but no longer connected with Kaiser's companies. Mr. Leith showed to the Kaiser officers a letter from Nkrumah (copy attached) giving Leith and his purported associates the Utah Construction Co., and Foreign Construction Associates first refusal for ninety days on the Volta Project. Mr. Calhoun stated that they would inform the Department of results of his efforts to ascertain the true relationship between Mr. Leith and the Utah Construction Co. (which had been associated with Kaiser in the past) and with First Boston Bank.

In summary of Mr. Calhoun's position it may be stated that Kaiser Industries may be interested in the project if Alcan and other non-American groups do not now enjoy a legally-based favorable position, as they were understood heretofor to have the "inside track". He requested the Department to ascertain from Accra just what the position is, as Leith had told him that the Ghana legislature had recently taken legal steps to remove their previous commitments to Alcan and other groups. The AFS officers agreed to query our Embassy in Accra.

Mr. Calhoun further stated that their ultimate position would also require a policy decision as to whether they wanted to "take on" Alcan in its current protected aluminum markets.

Attachment:

Letter from Prime Minister.

NEA:AFS:RWRoss:rmcp

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DEPARTMENT OF STATE A/CRS/IMR
REVIEWED BY RS DATE MAR 28 1982
DECLASSIFIED EXEMPT. DATE
REASON(S)
ENDORSE EXISTING MARKINGS ☐
DECLASSIFIED ☐ RELEASABLE ☑
RELEASE DENIED ☐
PA or FOI EXEMPTIONS
FILED MAY 8 - 1957
NO 912677

PRIME MINISTER

18th April, 1957.

Gentlemen,

I have read your letter of the 17th April and duly noted the contents thereof.

You state that you are willing to proceed to complete the Volta River Project and related projects by the following procedure:-

(1) To prepare an immediate report which will complete studies made to date and establish the market and competitive position of Volta River aluminum in world markets, this report to be made at your expense.

(2) That you feel that if the British groups wish to participate in the plan, and if Ghana wishes to include them, that you would be happy to have them as partners.

(3) If the above-mentioned report shows a sufficiently strong competitive decision to warrant proceeding with the development and completion of the whole Volta River Project, you offer to finance, design, construct and complete the project.

(4) Subject to completing the Volta River Project, you offer to operate such project on a long term basis for our joint profit, as set forth, and to train Ghana citizens to operate the facilities as rapidly as possible.

(5) You also state that you will sell the output of the Volta River Project aluminum on a world-wide basis.

(6) The division of all profits on the Volta River Project, you suggest, will be 51% including taxes to Ghana, and 49% to the financial and operating groups. This is the duplicate of the plan now being used by the Oil groups in Venezuela and in the Middle East. The percentages would be re-adjusted upward in favour of Ghana as the outstanding debt is retired.

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Utah Construction Company,
San Francisco, California.

Foreign Construction Associates,
Houston, Texas.

H. Fraser Leith & Associates,
26, Broadway, New York.

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(7) You state that overall financing of the project would permit the simultaneous financing of other related desirable projects which could be included in the overall Volta River scheme, such as electric power for cities and towns, additional housing, sewage disposal, roads and possibly water works.

It is understood that the resources would be owned by Ghana and operated by you for the joint profit of both parties. Facilities would be turned over to Ghana ownership as the project paid itself out.

I hereby authorize you to carry out the necessary preliminary studies mentioned in your letter without commitment to the Ghana Government either by way of expense or by ultimate agreement to the proposals you will submit in due course or by the grant of any exclusive rights.

However, if such studies show the feasibility of the Volta River Project, the Ghana Government grants you the first refusal for a period of three months from the date of this letter, to negotiate for the financing, construction and operation of the project as outlined in your proposals.

Yours sincerely,

s/s Prime Minister

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